

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-11 INR-11 LAB-06

NSAE-00 RSC-01 SIL-01 DODE-00 PM-07 H-03 L-03 NSC-07

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R 222104Z JUL 74

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 8416

INFO AMEFBASSY CANBERRA

AMCONSUL MELBOURNE

CINCPAC

C O N F I D E N T I A L WELLINGTON 2317

CINCPAC FOR POLAD

EO 11652: GDS

TAG: ELAB, PINT, NZ

SUBJECT: LABOUR'S LOVE LOST

REFS: A. WELLINGTON 2070 (B) WELLINGTON 2092 (C) WELLINGTON 2105

1. BEGIN SUMMARY. RELATIONS BETWEEN NEW ZEALAND'S LABOUR GOVERNMENT AND THE FEDERATION OF LABOUR (FOL) ARE COOLER NOW THAN AT ANY TIME IN SEVERAL YEARS. SINCE JULY 5, THE FINAL DAY OF STRIKE ACTION RESULTING FROM BILL ANDERSEN'S ARREST, PRIME MINISTER KIRK OR HIS MINISTERS HAVE TAKEN OR THREATENED STRONG MEASURES AGAINST THREE DIFFERENT UNIONS. THE "BIG STICK" APPROACH HAS CAUSED RESENTMENT ON THE PART OF MILITANT UNION LEADERS. THESE INDIVIDUALS, THOUGH SMARTING, REALIZE THEY ARE IN NO POSITION TO TAKE ON KIRK WHO HAS GAINED THE UPPER HAND. END SUMMARY.

2. THE AFTERMATH OF THE JULY 1 WEEK OF STRIKE ACTION PROTESTING THE USE OF INJUNCTIONS AGAINST UNIONS AND THE ARREST OF DRIVERS UNION SECRETARY BILL ANDERSEN HAS BEEN A PERIOD OF ICY COOLNESS BETWEEN THE FOL AND KIRK'S LABOUR
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GOVERNMENT. WELL AWARE THAT POPULAR RESENTMENT OVER GROWING

INFLATION AND REAPIDLY FALLING FOREIGN EXCHANGE RESERVES IS BEGINNING TO FOCUS ON STRIKES AND LABOR UNREST, PRIME MINISTER KIRK IS TRYING TO DEMONSTRATE THAT HIS GOVERNMENT WILL TOLERATE NO MORE STOPPAGES THAT AFFECT THE PUBLIC INTEREST. IN THE PAST TWO WEEKS HE HAS ORDERED MARINE ENGINEERS BACK TO WORK ON INTER-ISLAND FERRIES AND PUSHED THROUGH PARLIAMENT AN EMERGENCY BILL MAKING HARBOR PILOTS WHO REFUSE TO WORK LIABLE TO FINES UP TO \$200. DURING THE SAME PERIOD KIRK HAS ALLOWED THE MINISTER OF RAILWAYS TO THREATEN DEREGISTRATION OF A RAILWAY UNION UNLESS ITS MEMBERS RETURNED TO WORK WHILE NEGOTIATIONS WERE UNDERWAY. NOT CONTENT WITH SPECIFIC ACTIONS, KIRK ALSO PUT OUT A GENERAL WARNING THAT HIS GOVERNMENT WOULD NOT ALLOW TROUBLEMAKERS FROM A DEREGISTERED UNION TO JOIN ANY SUCCESSOR UNION.

3. WHILE NOT ALL OF THESE ACTIONS HAVE BEEN SUCCESSFUL FROM KIRK'S POINT OF VIEW (ONLY ONE SHIP WAS PILOTED INTO PORT DURING THE JULY 13-14 WEEKEND) THEY HAVE SERVED TO PUT MILITANT TRADE UNIONISTS ON THE DEFENSIVE WHILE SHORING UP LABOUR'S POLITICAL IMAGE. THEY HAVE ALSO PUT SOME BACKBONE INTO THE MODERATE WING OF THE FOL WHICH WAS NEVER VERY HAPPY ABOUT SEEING ITS OPPOSITION TO INJUNCTIONS TAKE THE FORM OF SUPPORT FOR ANDERSEN WHO IS A COMMUNIST. TWO SIGNIFICANT INDICATIONS OF MODERATE RANK AND FILE BACKLASH HAVE ALREADY CROPPED UP. IN ONE CASE A CARPENTER HAS BROUGHT SUIT AGAINST HIS UNION TO RECOVER WAGES LOST DURING THE ONE DAY PROTEST STOPPAGE VOTED BY THE WELLINGTON TRADES COUNCIL. IN THE SECOND CASE THE WELLINGTON PRINTERS UNION HAS VOTED TO CENSURE THE TRADES COUNCIL FOR HAVING VOTED THE STRIKE ACTION. IN SUM, IT WOULD APPEAR THAT TRADE UNION MILITANTS OVERPLAYED THEIR HAND AND THE MODERATES ARE NOW, WITH THE BLESSING OF PRIME MINISTER KIRK, MAKING THE BEST OF IT.

4. NOT THE LEAST OF THOSE LIKELY TO IMPROVE HIS POSITION IS FOL PRESIDENT SKINNER WHO, AFTER WORKING OUT A DEAL FOR ANDERSEN'S RELEASE, HAS CAREFULLY STAYED AWAY FROM THE PRESS AND THE PUBLIC EYE. AT AN APPROPRIATE TIME HE CAN BE EXPECTED TO COME FORTH WITH A STATEMENT NOTING THE EXCESS OF ZEAL ON THE PART OF BOTH GOVERNMENT AND UNIONS

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AND CALLING FOR REASON TO PREVAIL. MOST LIKELY, THE APPROPRIATE TIME WILL BE SEVERAL WEEKS FROM NOW WHEN SKINNER IS EXPECTED TO CALL FOR A MEETING OF USALLY INEFFECTIVE JOINT COUNCIL OF LABOUR (JCL). A MEETING OF THE JCL, MADE UP OF LABOUR PARTY AND FOL REPRESENTATIVES, WOULD GIVE BOTH SIDES A CHANCE TO AIR THEIR VIEWS AND POSITIONS IN AN IN-HOUSE ATMOSPHERE. OBTAINING PARTY CONCURRENCE TO HOLD A JCL MEETING MAY NOT BE EASY HOWEVER

DUE TO THE POLITICAL CLIMATE. OPPOSITION LEADER ROB MULDOON WOULD CERTAINLY BE EXPECTED TO POINT TO SUCH A MEETING AS FURTHER EVIDENCE THAT THE LABOUR PARTY IS RUN BY THE FOL.

5. INJUNCTIONS AGAINST UNIONS, WHICH WAS WHAT THE ANDERSEN ARREST AND THE SUBSEQUENT DISRUPTION WERE ALL ABOUT, ARE ALMOST CERTAINLY ON THEIR WAY OUT. EVEN ATTORNEY GENERAL MARTIN FINLAY HAS INDICATED HE IS WILLING TO GO ALONG WITH A CHANGE IN THE LAW IF SOME OTHER ADEUATE MEANS OF ENSURING UNION COMPLIANCE WITH THE LAW IS SUBSTITUTED. THE REAL ISSUE NOW APPEARS TO BE ONE OF TIMING. IN ORDER TO OBTAIN MAXIMUM BENEFIT LABOUR WILL WANT TO BE SEEN BY THE PUBLIC TO BE ACTING WITH DELIBERATE CAUTION WHILE AT THE SAME TIME BEING SEEN BY THE UNIONS TO BE ACTING WITH DELIBERATE SPEED.

6. COMMENT-WHILE THE CURRENT DEEP DIVISION BETWEEN THE GOVERNMENT AND THE FOL ARE UNLIKELY TO CONTINUE FOR TOO LONG IT IS EQUALLY UNLIKELY THAT RELATIONS WILL IMPROVE IN THE NEXT TWO-THREE YEARS TO A POINT ANYWHERE CLOSE TO WHAT EXISTED IN THE HALCYON DAYS FOLLOWING LABOUR'S 1972 ELECTION VICTORY. FOR BOTH TRADE UNIONISTS AND POLITICIANS THE PAST THREE WEEKS HAVE DEMONSTRATED THAT THE LABOUR GOVERNMENT IS, IN FACT, JUST THAT -- A GOVERNMENT. WHILE ORIENTED TOWARD THE UNIONS IT DOES NOT AT THIS TIME WISH TO APPEAR TO BE GOING OUT OF ITS WAY TO APPEASE THEM. PM KIRK WILL PROBABLY KEEP A CERTAIN AMOUNT OF PRESSURE ON THE UNIONS FOR THE NEXT SEVERAL MONTHS. HAVING, BY SUCH ACTION, ESTABLISHED HIS INDUSTRIAL RELATIONS BONA FIDES HE SHOULD THEN BE ABLE TO TURN HIS ATTENTION TO NEW ZEALAND'S ECONOMIC PROBLEMS AND THE WINNING OF NEXT YEAR'S ELECTIONS. FOR MILITANT TRADE UNIONISTS THE GENERAL ASSURANCE THAT THEIR ACTIONS WILL

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RESULT IN THE END OF THE USE OF INJUNCTIONS AGAINST THEM IS A PYRRHIC VICTORY. WITH MODERATION THE NEW BYWORD, THE MILITAANTS WILL HAVE TO START ESTABLISHING DEFENSIVE POSITION.

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